NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE CASH MARKETS (1/29): **BUTTER:** Grade AA closed at $1.3550 (-.0725). **CHEESE:** Barrels closed at $1.2250 and blocks at $1.2600. The weekly average for barrels is $1.2210 (-.0340) and blocks is $1.2540 (-.0260). **NONFAT DRY MILK:** Extra Grade closed at $1.0500 and Grade A at $1.0600. The weekly average for Extra Grade is $1.0570 (-.0130) and Grade A is $1.0680 (-.0020).

BUTTER: The butter market opinion across the United States is mixed. Many producers and handlers believe that prices could decline further and thus hesitate to build inventories at this time. Others are more comfortable with current price levels and are holding stocks with confidence for use later this summer and fall. Churning in most areas of the country is increasing as cream volumes become more available. At this time of the year, most cream offerings eventually end up in butter operations.

CHEESE: The cheese market is unsettled. Traders and plant operators continue to react to the substantial cheese price declines and modest recent increases, particularly with a record high December BFP milk price. Current interest is generally improved for many natural varieties as buyers make purchases for short term needs. Cheddar aging programs are being rebuilt at current prices. Process demand is mixed, generally slowest at retail, stronger from other types of accounts. Milk production remains seasonally heavy, leading to higher cheese production. Some milk has been shifted out of cheese production into butter/powder.

FLUID MILK: Milk production is showing signs of seasonal increases. Production growth is due in part to high prices and lower feed costs thus generating surplus milk volumes. Fluid milk demand is light. Offerings are more than ample with spot prices at lower levels. The condensed skim market is weak with prices unchanged. The fluid cream market is weak. Prices are often lower as butter churning interest is lighter. Ice cream output is seasonally light to fair.

DRY PRODUCTS: The market tone for all dry products is steady to weak. Prices are mixed, mostly lower. The NDM market is weak with prices unchanged to lower. Demand is slow to fair. Although there are no sales to the CCC at the support price of $1.01, bagging and grading are taking place. Surplus milk supplies are burdensome at heavy production levels. Producer stocks are moderate and building. Buttermilk powder markets are weak with lower prices. Demand is seasonally slow. Drying schedules are higher and above projections. Dry whey markets are weak at mixed prices.

CONSUMER PRICE INDEX (BLS): The December Consumer Price Index (CPI) for all food is 162.3 up 2.3% from December 1997. The dairy products index, at 157.6, is up 6.6% from a year ago. The December to December changes in selected dairy products are: fresh whole milk +6.4%, cheese +7.2%, and butter +31.7%.

COLD STORAGE (NASS): Cold storage holdings of butter in the U.S. on December 31, 1998, total 27.4 million pounds, 32% more from December 1997 and 4% lower than November 1998. Natural American cheese holdings total 410.7 million pounds, steady with a year ago and 6% more than last month. Nonfat dry milk holdings at the end of November total 141 million pounds, 21% more than last November and 9% less than November 1998.

COMMERCIAL DISAPPEARANCE (ERS & AMS): Commercial disappearance of dairy products during the period of September - November 1998 totals 40.2 billion pounds, 1.3% more than the comparable period in 1997. Comparing disappearance levels with a year ago: butter, American Cheese, and fluid milk products were all lower while other cheese and NDM were higher. During the first eleven months of 1998, commercial disappearance of dairy products is 2.5% above 1997 levels.

WORLD DAIRY SITUATION (FAS): Strong production in Brazil, India, China, Argentina, and Australia accounts for most of the global growth in 1998. The European Union (EU) is expected to be the only major producer that shows a significant decline. Dairy prices in 1998 have sagged primarily due to turmoil in the financial economies of Russia and Asia.

****SPECIALS THIS ISSUE****
DECEMBER COLD STORAGE (PAGES 7-8)
WORLD DAIRY SITUATION AND OUTLOOK (PAGE 9)
CONSUMER PRICE INDEX (PAGE 10)
COMMERCIAL DISAPPEARANCE (PAGE 10)
CCC CHEESE PURCHASES (PAGE 11)

CHICAGO MERCANTILE EXCHANGE CASH TRADING

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-42,000 lbs.

PRODUCT	MONDAY JAN 25	TUESDAY JAN 26	WEDNESDAY JAN 27	THURSDAY JAN 28	FRIDAY JAN 29	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$1.2200 (N.C.)	$1.2200 (N.C.)	$1.2200 (N.C.)	$1.2200 (N.C.)	$1.2250 (+.0050)	+.0050	$1.2210 (-.0340)
40# BLOCKS	$1.2500 (N.C.)	$1.2500 (N.C.)	$1.2500 (N.C.)	$1.2600 (+.0100)	$1.2600 (N.C.)	+.0100	$1.2540 (-.0260)
NONFAT DRY MILK							
EXTRA GRADE	$1.0650 (-.0050)	$1.0600 (-.0050)	$1.0600 (N.C.)	$1.0500 (-.0100)	$1.0500 (N.C.)	-.0200	$1.0570 (-.0130)
GRADE A	$1.0700 (N.C.)	$1.0700 (N.C.)	$1.0700 (N.C.)	$1.0700 (N.C.)	$1.0600 (-.0100)	-.0100	$1.0680 (-.0020)
BUTTER							
GRADE AA					$1.3550 (-.0725)	-.0725	-----

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

Trading Activity - January 25 - 29, 1999

MONDAY, JANUARY 25, 1999

CHEESE -- SALES: 8 CARS 40# BLOCKS: 1 @ $1.2475, 1 @ $1.2500, 1 @ $1.2475, 1 @ $1.2500, 1 @ $1.2475, 1 @ $1.2500, 1 @ $1.2475, 1 @ $1.2500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ $1.2500

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE A @ $1.0300; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ $1.0650

TUESDAY, JANUARY 26, 1999

CHEESE -- SALES: 3 CARS 40# BLOCKS @ $1.2500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS @ $1.2500

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE A @ $1.0300; OFFERS UNCOVERED: 2 CARS EXTRA GRADE @ $1.0600

WEDNESDAY, JANUARY 27, 1999

CHEESE -- SALES: 1 CAR BARRELS @ $1.2200; 2 CARS 40# BLOCKS @ $1.2500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 3 CARS EXTRA GRADE @ $1.0150; 1 CAR GRADE A @ $1.0200; OFFERS UNCOVERED: NONE

THURSDAY, JANUARY 28, 1999

CHEESE -- SALES: 5 CARS 40# BLOCKS: 2 @ $1.2600, 2 @ $1.2600, 1 @ $1.2600; BIDS UNFILLED: 2 CARS BARRELS @ $1.2200; 2 CARS 40# BLOCKS @ $1.2600; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ $1.2800, 1 @ $1.3000

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 6 CARS EXTRA GRADE: 1 @ $1.0500, 1 @ $1.0525, 4 @ $1.0575

FRIDAY, JANUARY 29, 1999

CHEESE -- SALES: 4 CARS BARRELS: 2 @ $1.2225, 2 @ $1.2250; 7 CARS 40# BLOCKS: 1 @ $1.2575, 2 @ $1.2600, 1 @ $1.2575, 1 @ $1.2600, 1 @ $1.2575, 1 @ $1.2600; BIDS UNFILLED: 1 CAR BARRELS @ $1.2200; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS EXTRA GRADE @ $1.0500; 1 CAR GRADE A @ $1.0600

BUTTER -- SALES: 6 CARS: 4 @ $1.3600, 1 @ $1.3575, 1 @ $1.3550; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 23 CARS: 2 @ $1.4050, 2 @ $1.4075, 2 @ $1.4100, 2 @ $1.4150, 2 @ $1.4175, 5 @ $1.4200, 4 @ $1.4225, 2 @ $1.4250, 2 @ $1.4275

BUTTER MARKETS

MONTHLY COLD STORAGE

According to NASS, December month-end cold stoarge figures for butter total 27.4 million pounds, 4.4% lighter than last month, but nearly 32% heavier than December 1997.

NORTHEAST

Premium structures are unchanged. At the January 22 trading session of the CME, the butter closed 1/4 cent lower to $1.4275. The butter market tone is steady to unsettled. Some reports indicate that a few buyers/users fearing shortages again this year, are beginning to store some bulk for anticipated needs. Others, however, feel that prices are too high to begin putting bulk into storage. Current demand for butter is fair as retail movement is still slowed by continued high prices in most areas of the East. Food service orders are holding steady. Churning activity is moderate to heavy. Last week's storms did disrupt cream and butter transportation schedules across much of the Northeast.

CENTRAL

Butter pricing differentials held steady, although overall prices are slightly lower following cash trading at the Chicago Mercantile Exchange January 22. The market tone remains mixed. Many producers and handlers hope prices will continue to edge lower so that current production that does not clear the market can be held with more confidence for future use. Others are more comfortable with current prices and continue to build stocks. Current butter production is fairly strong for this time of the year. Overall butter buying interest is slow and unaggressive. Most orders continue to be placed for short term or immediate use. For the most part, production is surpassing demand at this time, thus inventories are building slowly.

WEST

Western butter price differentials held steady while the CME cash market declined fractionally on January 22. Print orders are categorized as steady at fair to good levels. Store brand butter is moving very well at prices substantially under national brands. Bulk sales have slowed markedly since the start of the new year. Pipelines are now full and some buyers are not as confident about storing butter at these price levels as they were a while ago. Offerings are heavier. Cream supplies and offerings are increasing on a weekly basis. Most of it is eventually entering the churns. At this season of the year and the current price level, there are no better options. More contacts are beginning to question if the cash market will be able to hold onto these levels through, what is expected to be, a very noticeable spring flush.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCKLOAD QUANTITIES.

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS (CENTS/POUND) FROM THE CME GRADE AA CASH BUTTER CLOSE
JANUARY 22, 1999 CLOSE = $1.4275

STYLE	NORTHEAST	CENTRAL	WEST
BULK	+2 TO +5	flat TO +3	-5 TO -2

NASS DAIRY PRODUCT PRICES

U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 39% MOISTURE	NDM	BUTTER	DRY WHEY
JANUARY 23	1.7265 5,707,139	1.5926 9,502,912	1.0552 16,496,750	1.3981 5,588,341	0.2063 8,206,846

Further data and revisions may be found on the Internet at: http://jan.mannlib.cornell.edu/reports/nassr/price/dairy

CHEESE MARKETS

NORTHEAST

Based on the CME weekly averages, prices are nearly 35 cents lower on natural cheddar styles and 26 cents lower on process items. Swiss prices are unchanged. The market tone is weak, but many contacts wonder how much further prices will drop. Demand is often slower now that Super Bowl weekend needs have been delivered. The Super Bowl weekend is the biggest snack-weekend of the year. Distributors are keeping their stocks as current as possible, but some seem a little more willing to take on stocks at current prices. However, there is still a reluctance to own too much stock at a time when milk flow and cheese output is increasing and demand is slowing along seasonal patterns. Retail and food service orders are slow to fair.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2775-1.7650
Cheddar Single Daisies	:	1.2500-1.7650
Cheddar 40# Block	:	1.4200-1.5650
Process 5# Loaf	:	1.4475-1.5975
Process 5# Sliced	:	1.4725-1.6975
Muenster	:	1.4575-1.7425
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steadier, though still unsettled. Traders are wondering if "the line has been drawn in the sand" against further price declines, at least short term. Recent price declines total 64 cents (34.4%) on barrels to $1.22 and 65 cents (34.2%) on 40# blocks to $1.25 at the Chicago Mercantile Exchange have reduced inventory values significantly. The sharp decline provides an attractive opportunity to rebuild cheddar aging programs compared to late 1998 entry price levels around $2.00 per pound. Sharp and medium cheddar supplies are short of needs. Process interest is mixed, still typically slow at retail, but stronger from other types of accounts. Natural cut interest is generally moderate, with some improvement noted in short term orders. Additional cheese supplies are available from most plants. Getting cheese milk prices down fast enough to reduce the “red ink” remains a plant operator concern. Cheese yields remain good. Cheese production remains seasonally heavy as milk supplies continue much above year ago levels at most operations. Heavy offerings of attractively priced milk ($12.00 and lower) are keeping cheese plants operating at least as heavy as desired. Some plant operators are looking at ways to boost capacity to handle the expected spring peak when they are already full.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4200-2.1200
Brick And/Or Muenster 5#	:	1.7475-2.1100
Cheddar 40# Block	:	1.5400-2.1150
Monterey Jack 10#	:	1.7300-2.2800
Blue 5#	:	1.8750-2.6400
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6125-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.5400-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JANUARY 25 - 29, 1999
BARRELS*	:	$1.2200 - 1.2650 (NOMINAL)
	:	(-$.2300) (-.2500)
40# BLOCKS	:	$1.2500 - 1.3250 (NOMINAL)
	:	(-$.2475) (-.3225)

( ) Change from previous week. * If steel, barrel returned.

WEST

Natural and process cheese prices are again sharply lower with Swiss prices moving moderately lower. This is one of the sharpest weekly downturns on record. Even with the sharp decline in prices, offerings of both barrels and blocks continue to clear fairly easily. Some buyers are trying to hold off purchases for short (less than two weeks) periods of time; many do not have stocks on hand to cover much more than that. Process cheese interest is showing no signs of slowing as is normally the case for first quarter. Block buyers are even back trying to resurrect aging programs. Most contacts feel that the market has put in at least a temporary bottom. Cold storage holdings of natural cheese at the end of December total 410.7 million pounds, unchanged from last year. Swiss stocks, at 11.8 million pounds, are down 14.5% from December 1997.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4075-1.6650
Cheddar 40# Block	:	1.4000-1.5400
Cheddar 10# Cuts	:	1.5900-1.8000
Monterey Jack 10#	:	1.6100-1.7675
Grade A Swiss Cuts 6 - 9#	:	2.3900-2.5100

FOREIGN

Prices on domestically made styles are sharply lower. Based on the CME weekly average for 40# blocks, many prices are down nearly 35 cents from the previous week. The market tone is weaker. The big drop in domestic prices will likely slow the demand for imported cheddar types used in processing. EU production of cheese during the first ten months of 1998 totaled 4,952 MT, 0.4% higher than the same period last year. However, comparing both September and October output to the same months in 1997, cheese production was 3.2% lower for each month.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Roquefort	5.5000-6.8900	-0-
Blue	2.6400-3.1400	1.6125-2.2225*
Gorgonzola	3.2400-5.9400	2.2675-2.4900*
Parmesan (Italy)	TFEWR	3.0225-3.0625*
Romano (Italy)	2.1000-2.9000	-0-
Provolone (Italy)	3.4400-5.5000	1.6125-1.9025*
Romano (Cows Milk)	-0-	2.7900-5.0275*
Sardo Romano (Argentine)	2.6500-3.2900	-0-
Reggianito (Argentine)	2.6500-3.2900	-0-
Jarlsberg-(Brand)	2.7400-3.1200	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.0900	-0-
Gouda, Large	2.3900-3.1500	-0-
Gouda, Baby ($/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
01/25/99	9,308	112,420
01/01/99	7,259	105,977
CHANGE	2,049	6,443
% CHANGE	28	6

FLUID MILK AND CREAM

EAST

Milk production is increasing in most areas of the region. Some of the sharpest increases have been noted in the Gulf Coast States of Texas, Louisiana, Mississippi, and Florida. Fluid milk supplies are very heavy. Some contacts are surprised by the rapid jump in milk volumes they have to clear. Bottled milk sales are very slow in most areas. Consequently, manufacturing plant receipts are growing. Some contacts noted that the recent year-end holiday milk volumes were no where as heavy as they are now. Others note that daily receipts are within a load or two of typical spring flush volumes. The current high prices and low feed costs are most often cited as the reasons we have so much milk. Also, some plant problems have further complicated milk processing. So far the milk is being handled, but there is growing concern about volumes and logistics. Florida handlers are not taking any outside milk. In fact, they are exporting milk to manufacturing plants. Through Wednesday, they moved 48 loads out of state and that figure could be revised higher as the week progresses. The condensed skim market is weak with prices unchanged. Demand is slow and some suppliers worry that prices may have to be discounted to keep product moving. The current situation of high milk prices and low product prices is not a good one for manufacturers and they are operating accordingly. Condensed skim prices are unchanged. The fluid cream market is also weak. Offerings are more than ample and spot prices are often lower. Demand is slow to fair. Ice cream output is fair as many producers run on moderate schedules. They seem to be waiting to see if butter/cream prices will drop any further. Production of other high fat products ranges from light to moderate. Churning activity is heavy, but butter makers are not anxious to build inventories and paying very low multiples for cream. Many are again basing prices on upcoming CME closes.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	- 1.5417 - 1.9129	
Delivered Equivalent Atlanta	- 1.6274 - 1.8843	M 1.6416 - 1.7416
F.O.B. Producing Plants: Upper Midwest	- 1.7844 - 1.8558	

PRICES OF CLASS II CONDENSED SKIM, $ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	- 1.1500 - 1.5800

MIDWEST

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JANUARY 22 - 28, 1999	0
PREVIOUS WEEK	11
COMPARABLE WEEK IN 1998	0

Class I demand was generally light, but bolstered in some markets by retail promotional activity starting near month end. Class II interest continues to be impacted by high prices compared to spot manufacturing milk prices. Manufacturers are also active finishing orders for dips and other items for Superbowl weekend activities. Surplus milk supplies remain exceptionally heavy with heavy discounts levied on surplus loads. Current demand is minimal and quickly filled. Milk is moving some distances to find a manufacturing home. Reported manufacturing milk prices range from $2.00 under class to $5.00 under class, some at $10.50, with a few loads reported at Class IIIA. Cream demand remains seasonally light for most Class II accounts. Though currently light, ice cream accounts are projecting to gear up in the next few weeks. Churning remains seasonally active. A total of 8 loads of Wisconsin milk are "direct shipped" to Missouri and pooled under a Southern federal order. Milk intakes remain heavy and well above year ago levels. Little change is being noticed in week to week plant intakes. Fat and protein tests are little changed.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 21 - 27	PREVIOUS YEAR
SLAUGHTER COWS	$ 32.00- 38.50	$ 35.00- 40.00
REPLACEMENT HEIFER CALVES	$180.00-225.00	$ 90.00-135.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JAN 21 - 27	PREVIOUS YEAR
SLAUGHTER COWS	$ 26.00- 39.00	$ 33.50- 39.75

WEST

December pool receipts of milk in California total 2.326 billion pounds, up 3.7% from last year. Cumulative pool output for 1998 totals 26.8 billion pounds, 1.4% higher than during 1997. The December blend price, at a fat test of 3.80%, is 8 cents lower than November at $17.20. The percentage of receipts used in Class 1 products is 22.95%. The December quota price is $17.64 and the base and overbase prices are $15.94. These prices are 21 cents lower than last month but $3.10 higher than December 1997. Milk production is trending seasonally higher across most of California. Some of the upward movement is being tempered by rains in southern California, snow and wet weather in the central valley. More northern production is well above year ago levels. High milk prices and lower feed costs are contributing factors. Milk supplies in Arizona and New Mexico are increasing at and above seasonal levels. Milk is being shifted between butter/powder plants and cheese plants on a limited basis to most closely maximize returns. Cream prices are often lower as butter churning interest is lighter. Churning schedules are higher as butter is often providing better returns versus cheese production and as an outlet for more surplus cream. Ice cream production remains seasonally light. Condensed skim usage in cheese production is diminished as producers try to limit cheese output. Wet weather is again common over the Pacific Northwest. The snow pack continues to build with some areas in the Cascades reporting more than 200 inches. The current storm is on the cold side so that little new flooding problems are expected. However, with the ground as saturated as it is, many contacts remain concerned about potential for flooding problems. The plus side is that irrigation water for the upcoming crop year should be no problem. Milk production is unaffected by the weather conditions and remains very strong. Some contacts are beginning to wonder what challenges lie ahead of them as the spring flush season approaches. Fat and protein tests are excellent on farm milk receipts. Some producers are beginning to look harder at culling some of their low end cows now that milk prices are assured to drop with the next BFP announcement and before cull cow prices drop even further. Interest in bred heifers is slowing even though prices have not yet reflected the changing market situation. Feeder hay stocks are being marketed much harder as hay growers begin to realize that they will have a hard time cleaning up current stocks. Many are resigning themselves to the fact that they will have a heavy stock level to carry over into next year. Some additional supplies of good quality did show up on the market this week. Winter has returned to northern Utah and southern Idaho. Most areas have some snow cover and temperatures are much colder than the last few weeks. Overall, the winter has been quite easy up to this point. The snow pack has been way behind normal in this region for the winter season. Many areas jumped from 70% of normal to 140% in one week, easing fears of water problems next summer. Milk supplies are very strong across the region. More concern is being noted about how all the milk will be processed this spring.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 01/28/99 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are generally lower as producers respond to lower prices on the West Coast and the increasing drying schedules they currently enjoy. Producer stocks are heavy and many are offering large-volume or blocks of powder at lower prices. Demand is slow and most buyers see little reason, at this time, to purchase beyond immediate or near term needs. Production levels are heavy as surplus milk supplies are becoming burdensome. Unless prices for surplus fluid milk are discounted, most manufacturers (butter/powder and cheese) are not interested in buying any more milk. The scenario of high milk prices and low product prices is much of the reasoning behind manufacturers not taking outside milk at class prices.

Includes EXTRA GRADE and GRADE A, low and medium heat
NONFAT DRY MILK: 1.0400 - 1.0925 MOSTLY: 1.0600 - 1.0650

DRY BUTTERMILK - CENTRAL

Prices are lower and the market tone remains weak. Demand is very slow and price discounts are doing little to stimulate or renew demand. Producers' stocks are generally heavier than desired. Production levels, paralleling churning activity which is increasing, are heavier at most drying facilities.

BUTTERMILK: .7900 - .8000

DRY WHEY - CENTRAL

Prices are mixed and the market tone remains weak. Prices at the bottom of the range are up after suppliers cleared substantial volumes at those prices and now have their stocks in better balance. Most producers continue to be long, but not to the extent they were a couple weeks ago. Demand is still quite slow and producers still need to discount prices to maintain interest. Production levels are moderate to heavy as the volumes of surplus milk available to cheese makers are approaching "flush-time" levels. Export interest is mostly steady and to existing accounts.

NONHYGROSCOPIC: .1800 - .2000 MOSTLY: .1800 - .1900

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower on milk replacer and roller ground, unchanged on delactose, and too few to report on standard. The market tone is still weak on most feed ingredients. However, with prices dropping, some buyers are showing a little more interest.

MILK REPLACER:	.1500 - .1700
STANDARD:	TFEWR
ROLLER GROUND:	.1925 - .2100
DELACTOSE (Min. 20% protein):	.3075 - .3475

LACTOSE - CENTRAL AND WEST

Prices and the market tone are unchanged. Production levels are moderate to heavy and producer stocks range from balanced to long. Spot demand is fair and product is readily available to cover demand. Export and contract sales are steady. Plants with most of their production contracted continue to have stocks in balance while other plants have plenty of product for current sale.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
EDIBLE: .1400 - .2000 MOSTLY: .1600 - .1750

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower again this week and the market tone remains weak. At most producing plants, stocks are ample and prices are being discounted to keep product moving out the door. Spot demand is slow to fair as buyers/users continue to purchase on an as needed or replacement basis. Production levels are moderate to heavy.

EXTRA GRADE 34% PROTEIN: .4750 - .5350 MOSTLY: .4900 - .5100

NONFAT DRY MILK - WEST

Prices for low/medium heat NDM continue to trend lower, reflecting a weak market tone. There have not yet been any sales to the CCC at the new support price of $1.0100 per pound, but the trade indicates that bagging and grading are taking place. Spot market activity is light, but some block activity was traded. Buyers are very cautious of taking any additional loads beyond needs. Prior-made DEIP orders continue to be filled. Production levels are trending higher seasonally. In addition, some shifting of milk out of cheese production to butter/powder plants is taking place. Stock levels vary, but are building at more locations. High heat prices are lower. The main reason some manufacturers do not have high heat for sale is that they have too much milk to process and they do not want to slow down the process to make high heat. Demand is light to fair beyond contracts. Some buyers are not getting their contract loads on a timely basis.

Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.0150 - 1.0500 MOSTLY: 1.0200 - 1.0400
HIGH HEAT: 1.0600 - 1.1400

DRY BUTTERMILK - WEST

Dry buttermilk prices and the market tone continue to weaken. Buying interest is very limited due to recent trends lower and seasonal slowness in demand. Drying schedules are higher and remain above projected levels. Increasing butter production is coupled with lower condensed buttermilk orders to necessitate more drying. Stocks are moderate to heavy.

BUTTERMILK: .7400 - .8000 MOSTLY: .7500 - .7700

DRY WHEY - WEST

Both the range and mostly prices continue to show weakness. Offerings of powder are increasing and demand ranges from steady to slower. Importers are getting more offers from competing sources of powder from around the world. Thus, export activity is often slower and much more competitive. Domestically, some normal account, Western buyers are now looking at powder from the Central region to meet their needs because of the competitive nature of the two markets. Stocks are beginning to build more rapidly in the West. Some Western producers are holding powder with confidence, but others are concerned and lowering prices in response to growing stock levels.

NONHYGROSCOPIC: .1900 - .2325 MOSTLY: .2000 - .2150

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended January 22, on powder sales of 10,271,735 pounds f.o.b. California manufacturing plants was $1.0565 per pound. This compares to 10,371,927 pounds at $1.0634 for the previous week ending January 15, 1999. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone remains weak. Production levels are very heavy as surplus milk volumes are reported as sharply heavier than the past week or two. Since mid-month, there seems to have been a dramatic increase in milk production and the availability of surplus milk. Condensed skim sales are slow to fair which is adding to the pressure on dryers to clear all the milk. Eastern and Southeastern producers are running at or near capacity levels. Producers' stocks are growing. However, some do still have contracts to fill and this is helping clear a good portion of their current output. Demand for NDM is slow to fair and some producers are offering discounted prices on large volume deals to attract interest. So far, there has been little new interest. At this time, buyers and/or users see little reason to buy too far ahead.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:		
LOW/MEDIUM HEAT:	1.0500 - 1.1400	MOSTLY: 1.0800 - 1.1200
HIGH HEAT:	1.1000 - 1.1700	MOSTLY: 1.1500 - 1.1600
DELVD SOUTHEAST:		
ALL HEATS:	1.0900 - 1.1800	

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are sharply lower and the market tone is very weak. Contacts continue to be surprised by how poorly dry buttermilk is selling. There is little or no spot interest beyond regular customers coming back for replacement volumes. Production levels are moderate to heavy as churning activity increases. Producer stocks are accumulating and are becoming a concern at some plants. The lower prices have not increased demand to any great degree.

F.O.B. NORTHEAST:	.7950 - .8800
DELVD SOUTHEAST:	.8350 - .8625

DRY WHOLE MILK - NATIONAL

Prices are mostly steady to lower. Spot demand is sluggish and some of the lower prices were an effort to stimulate demand. Producers are making only enough dry whole milk to meet orders. With so much milk around, most producers are drying skim to clear milk in a timely manner.

F.O.B. PRODUCING PLANT:	1.3900 - 1.8200

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH JANUARY 22, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	69,715	MT (153,693,688 LBS)
CHANGE	--	247	MT (544,536 LBS)
WHOLE MILK POWDER	--	3,080	MT (6,790,168 LBS)
CHEESE	--	2,997	MT (6,607,186 LBS)
BUTTERFAT	--	0	MT
REALLOCATED NDM	--	25,579	MT (56,391,463 LBS)
CHANGE	--	222	MT (489,421 LBS)

Allocations for the DEIP year beginning July 1, 1998, are: Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT; Cheese - 3,350 MT; Butterfat - 29,854 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mixed. The low prices seen last week seemed to have cleared quite a bit of whey, and this week's prices are not as low as they were. However, most of the prices at the upper end of the ranges did move lower. The market tone isn't as weak as it was, but it is still generally weak. Eastern producers report steady to heavier output as there is a lot of milk available to cheese makers. Their stocks are balanced to fully adequate. There are reports of sharply increasing volumes of surplus milk in the region and, with milk prices so high and cheese prices low, producers are not anxious to take on any additional milk unless prices are discounted. Dry whey buyers, anticipating continued heavy production through spring, are not inclined to purchase too far in advance. Demand on the feed side of the market is still slow.

F.O.B. NORTHEAST:	EXTRA GRADE	.1875 - .2000
	USPH GRADE A	.2000 - .2225
DELVD SOUTHEAST:		.2200 - .2250

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report and the market tone is weak. The lower prices over the past few weeks have given rise to some additional interest, but spot demand remains slow.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are up at some plants as more milk is available to many producers. Demand for evaporated milk is slow to fair and often centered around replacement volumes. The Kansas City Commodity office announced the purchase of 1,542,240 pounds of canned evaporated milk under EVD-1, invitation 530 at prices ranging $.4810-.5345 per pound for delivery in March 1999.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES $23.62 - 33.00
Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein prices are steady to slightly lower with the market tone weak. Buyers and traders report that casein stocks are readily available for both rennet and acid. U.S. buyers do not foresee supply problems for the balance of the quarter and into the second quarter and are unsure beyond that point. Quarterly contracts continue to be made to maintain continuity with suppliers, although more domestic casein users are purchasing on a shorter term basis.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	1.9000 - 2.0500
ACID:	1.9000 - 2.0000

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

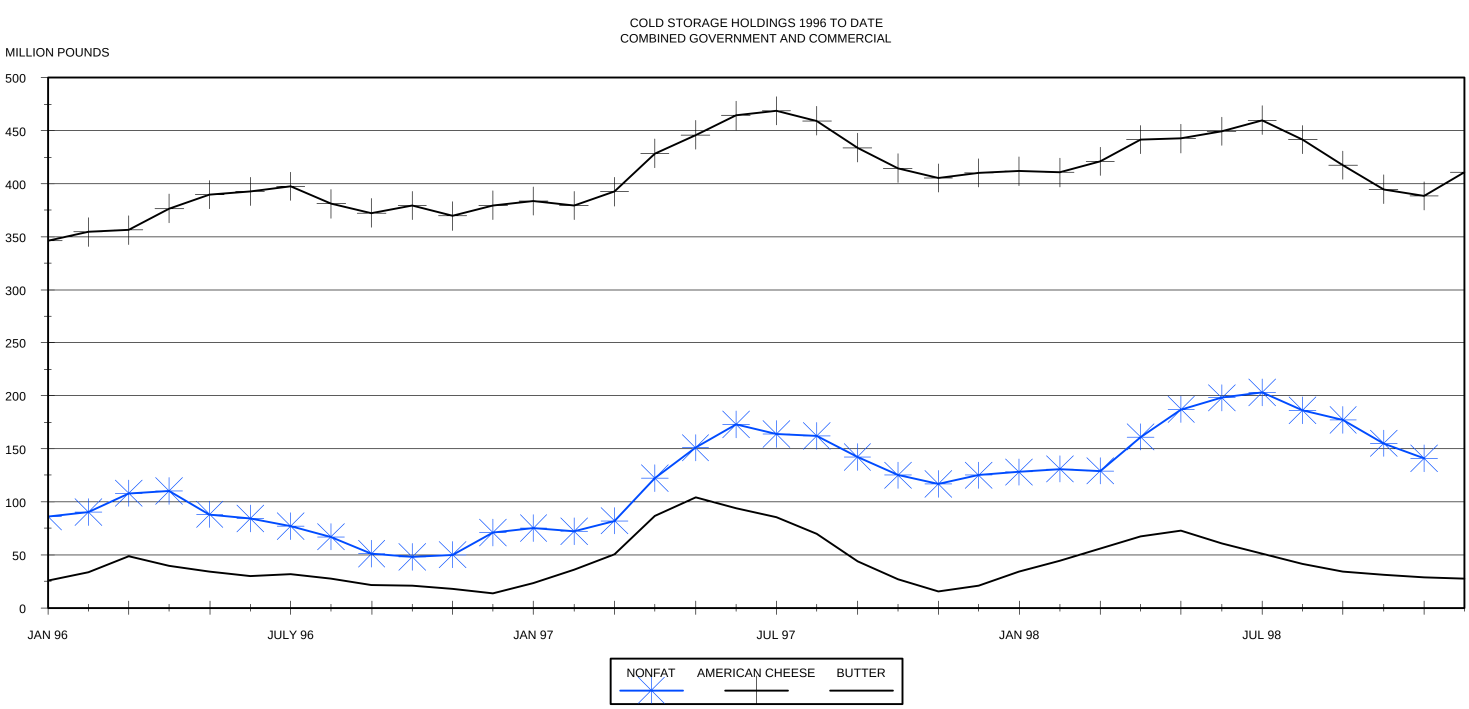
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	NOV 30, 1996	NOV 30, 1997	REVISED NOV 30, 1998	DEC 31, 1996	DEC 31, 1997	DEC 31, 1998
Cream	1,351	---	---	1,570	---	---
Butter	17,628	15,365	28,698	13,707	20,788	27,425
Evap. & Cond. Milk	487	---	---	275	---	---
Cheese, Natural American	369,743	405,484	388,529	379,673	410,418	410,667
Cheese, Swiss	13,344	13,450	11,911	12,668	13,843	11,838
Cheese, Other Natural	97,186	55,445	94,029	94,609	56,151	97,475
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	227	364	8	294	306	4
Natural American Cheese	113	149	26	47	103	74

NOVEMBER COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1996	1997	1998	1996	1997	1998*	1996	1997	1998
New England	14,634	20,242	22,882	1,198	1,886	---	102	122	268
Middle Atlantic	33,899	38,711	43,037	1,575	1,312	---	3,639	5,660	6,684
East North Central	212,061	234,820	213,171	3,957	10,935	---	77,506	42,097	78,587
West North Central	60,798	60,207	55,459	1,481	895	---	2,278	3,024	3,430
South Atlantic	223	315	778	550	410	---	6,245	1,009	681
East South Central	179	188	204	256	39	---	2,391	1,424	301
West South Central	471	353	295	1,193	1,095	---	123	139	198
Mountain	18,515	12,096	14,449	389	331	---	806	620	713
Pacific	38,893	43,486	60,392	3,108	3,885	---	1,519	2,056	6,613
TOTAL	379,673	410,418	410,667	13,707	20,788	27,425	94,609	56,151	97,475

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.


COLD STORAGE HOLDINGS 1996 TO DATE
COMBINED GOVERNMENT AND COMMERCIAL
MILLION POUNDS
500
450
400
350
300
250
200
150
100
50
0
JAN 96
JULY 96
JAN 97
JUL 97
JAN 98
JUL 98
NONFAT
AMERICAN CHEESE
BUTTER

COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1997 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total 1/		Commercial		Government		Total 1/		Commercial		Government		Total 1/ 2/		Commercial		Government 2/	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	Million Pounds						Million Pounds						Million Pounds					
January	34	23	34	23	3/	3/	412	384	412	384	3/	3/	128	75	104	75	24	3/
February	44	36	44	36	3/	3/	411	379	411	379	3/	3/	131	72	105	72	26	3/
March	56	50	56	50	3/	3/	421	392	421	392	3/	3/	129	82	93	81	36	3/
April	67	87	67	86	3/	3/	442	429	441	429	3/	3/	161	122	113	121	48	3/
May	73	104	72	103	3/	1	443	446	443	446	3/	3/	187	151	132	151	55	3/
June	61	94	60	93	3/	1	450	464	450	464	3/	3/	198	173	129	173	69	3/
July	51	86	51	85	3/	1	460	469	460	469	3/	3/	203	164	112	161	91	3
August	41	69	41	69	3/	1	442	459	441	459	3/	3/	186	162	78	156	108	5
September	34	44	34	43	3/	3/	417	434	417	434	3/	3/	177	142	64	134	112	8
October	31	27	31	26	3/	3/	395	415	394	415	3/	3/	155	125	46	111	109	14
November	29	15	29	15	3/	3/	389	405	389	405	3/	3/	141	117	44	95	97	21
December	27	21	27	20	3/	3/	411	410	411	410	3/	3/		125		103		22

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Nov 30, 1996	Nov 30, 1997	Nov 30 1998	Dec 31, 1996	Dec 31, 1997	Dec 31, 1998
	Thousand Pounds					
Butter	17,401	15,001	28,690	13,413	20,482	27,421
Natural American Cheese	369,630	405,335	388,503	379,626	410,315	410,593

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (1-99) and "Dairy Products," Da 2-6 (1-99), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

WORLD DAIRY SITUATION AND OUTLOOK*

Production: Cow milk production in selected countries for 1998 is estimated at 384.9 million metric tons, up 1 percent from 1997. Strong production growth in Brazil, India, China, Argentina, and Australia accounts for most of the global growth. The European Union (EU) is expected to be the only major producer that shows a significant decline. For 1999, cow milk production is forecast to increase another 2.6 million tons at the global level. On-going economic problems may cause Russian milk production to again decline significantly after leveling off in 1998. Milk cow numbers continued trending downward in most countries during 1998, reaching 129.9 million head, but rising output per-cow allowed milk production to increase. A further small decline in cow numbers is forecast for 1999; however, higher per cow yields due to continuing genetic improvement and better management is expected to facilitate another increase in milk production. For the major dairy products, only non-fat dry milk (NDM) production, at 3.1 million tons, is down in 1998. Output of cheese, butter, and whole milk powder (WMP), estimated at 12.2, 5.3, and 2.7 million tons respectively, each showed some growth in 1998. For 1999, butter and NDM production are forecast to gain another 3 to 4 percent, while cheese and WMP will grow, but at a slower rate.

Trade: International trade flows for the major dairy products weakened in 1998 with butter showing the largest decline. Global butter exports in 1998 are now estimated at 707,000 tons, 8 percent below 1997 due to significantly lower shipments by the EU. On the import side, reduced imports by Russia and increased imports by the United States are the major significant changes. For 1999, global butter exports are forecast to increase 1 to 2 percent with Australia and New Zealand accounting for the growth. Total cheese exports in 1998 are estimated at 994,000 tons, down 2 percent from 1997. The rapid growth that occurred in 1997 was mainly due to a surge in Russian imports which is not being repeated in 1998. Total cheese exports may decline again in 1999, since only Japan, of the top 4 importers, is expected to show a small increase. Preliminary trade data for NDM indicate a modest decline from last year’s level. Even with increased DEIP activity, the United States will not offset the declines by Oceania and Europe. NDM exports are expected to show further growth in 1999 as imports by Russia and various Asian countries show modest increases.

Prices: During the past year, dairy prices have sagged primarily due to the continuing financial erosion of Asian economies and the economic turmoil roiling through Russia. In the case of NDM, prices have plunged from $1,600 per ton (FOB) early in the year to a low of around $1,325 per ton in the late fall. Even NDM prices in the EU, which in past years had served as a bellwether for exporters, became largely irrelevant as export prices dropped well below EU intervention prices.
Nevertheless, there are indications of some recovery which may help stabilize markets. For example, in Asia, the economies of such countries as the Philippines remain relatively healthy and demand for NDM is strong. Similarly in Mexico, where strong domestic use in the last quarter of 1998 led to significant purchases of NDM that caused world prices to surge by more than $100 per ton in the space of 2-3 weeks. Consequently, there is a sense that NDM prices have bottomed-out and are experiencing a modest recovery. Cheese markets have also experienced some growth particularly in Japan and the United States, where imports in 1998 are expected to exceed previous year levels. However, concerns about the loss of the Russian cheese market will undoubtedly continue to undermine any resurgence in prices. In the case of WMP and butter, there is a similar weak undertone. Though indications are that butteroil trade remains active. In summary, while prices for some dairy products appear to have stabilized or even improved, there is still apprehension regarding the outlook.

* Prepared by Market Information Branch, Dairy Programs, AMS, USDA.

Source: “Dairy: World Markets and Trade,” FD 3-98, December 1998, Foreign Agricultural Service, USDA. For further information contact Arthur Coffing at (202) 720-3761.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/
OCT 1998	162.0	2.4	155.0	6.4	150.9	5.0	156.8	7.0	194.2	69.6	148.0	-0.6
NOV 1998	162.1	2.3	155.9	6.1	151.9	4.1	158.2	7.4	187.0	51.5	147.9	-0.9
DEC 1998	162.3	2.3	157.6	6.6	155.2	6.4	159.0	7.2	168.9	31.7	147.3	-0.7

U.S. City Average Retail Prices

Month	Whole Milk 4/		Lowfat Milk 4/		Butter 5/		Process Cheese 6/		Natural Cheese 7/		Ice Cream 8/	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	Dollars											
OCT	2.785	2.635	2.658	2.391	3.802	2.181	3.630	3.419	3.671	NA	3.272	2.925
NOV	2.800	2.678	2.651	2.427	3.623	2.360	3.803	3.497	3.657	3.392	3.373	2.928
DEC	2.859	2.672	2.758	2.409	3.175	2.460	3.738	3.439	3.759	3.458	3.301	3.022

* NA Not available. 1/ "CPI Detail Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--SEPTEMBER-NOVEMBER AND YEAR-TO-DATE 1997-98 1/

Item	Sep.- Nov. 1997	Percent change 4/	Sep.- Nov. 1998	Percent change 4/	Jan.- Nov. 1997	Percent change 4/	Jan.- Nov. 1998	Percent change 4/
	Million Pounds							
MILK								
Production	37,455	0.8	38,179	1.9	143,153	1.8	144,538	1.0
Marketings	37,099	0.8	37,842	2.0	141,845	1.8	143,302	1.0
Beginning Commercial Stocks 2/	6,813	31.4	6,173	-9.4	4,704	14.8	4,889	3.9
Imports 2/	768	-18.0	1,345	75.1	2,354	-7.7	4,104	74.3
Total Supply 3/	44,680	4.1	45,360	1.5	148,903	2.0	152,295	2.3
Ending Commercial Stocks 2/	4,697	0.3	5,148	9.6	4,697	0.3	5,148	9.6
Net Removals 2/	347	2,569.2	43	-87.6	943	1,124.7	345	-63.4
Commercial Disappearance 3/	39,636	3.7	40,169	1.3	143,263	1.4	146,802	2.5
SELECTED PRODUCTS 5/								
Butter	293.2	3.9	269.7	-8.0	1,013.3	-4.4	990.8	-2.2
American Cheese	827.3	2.8	822.0	-0.6	2,992.7	1.5	3,042.1	1.7
Other Cheese	1,182.0	5.3	1,191.2	0.8	3,980.7	3.5	4,046.8	1.7
Nonfat Dry Milk	188.0	-9.2	192.3	2.3	823.5	-11.6	785.0	-4.7
Fluid Milk Products 6/	14,129.5	0.3	14,097.0	-0.2	50,629.3	-0.4	50,406.9	-0.4

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through ERS AutoFAX. To request a document, dial (202) 694-5700 and enter document number 11521 when prompted.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JANUARY 25 - 29, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/98	SAME PERIOD LAST YEAR	PERIOD ENDING 01/22/99	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	728,875	21,697,983	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	728,875	21,697,983	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 25 - 29, 1999 =	0.0	0.0	COMPARABLE WEEK IN 1998 =	0.5	28.2
CUMULATIVE SINCE OCTOBER 1, 1998 =	0.2	8.5	CUMULATIVE SAME PERIOD LAST YEAR =	4.8	252.6
CUMULATIVE JANUARY 1 - 29, 1999 =	0.1	7.3	COMPARABLE CALENDAR YEAR 1998 =	3.0	161.2

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
WEST	-0-	-0-	-0-	-0-	728,875	21,587,808	100.0	99.5
EAST	-0-	-0-	-0-	-0-	-0-	110,175	0.0	0.5
TOTAL	-0-	-0-	-0-	-0-	728,875	21,697,983	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1999

MANUFACTURING MILK: Average Test 3.67% - $9.90 per cwt.; 3.5% - $9.80

DOLLARS PER POUND

BUTTER: Bulk $.6500; 1# Prints $.6800

CHEESE: 40 & 60# Blocks $1.1000; 500# Barrels $1.0700; Process American 5# $1.1525; Process American 2# $1.1925

NONFAT DRY MILK: Nonfortified $1.0100; Fortified $1.0200; Instant $1.1675

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 01/09/99 & Comparable Week 1998 1/ 2/

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL: WEEK	U.S. TOTAL: SINCE JAN 1	% DAIRY OF ALL: WEEK	% DAIRY OF ALL: SINCE JAN 1
1999-Dairy cows HD (000)	0.3	1.1	6.7	6.3	19.2	2.9	2.6	1.0	11.1	3.3	54.5	95.4	45.8	45.5
1998-Dairy cows HD (000)	0.3	1.6	7.4	7.0	26.0	4.4	4.4	1.2	12.2	3.4	68.0	118.4	47.3	47.6
1999-All cows HD (000)	0.3	1.2	9.1	16.1	27.1	17.5	19.6	6.6	13.3	8.3	119.0	209.6		
1998-All cows HD (000)	0.3	1.7	10.2	19.1	36.8	19.5	24.3	8.4	14.6	8.8	143.8	248.8		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES 1/21 & 1/28

		MARCH DELIVERY
PROCESS		
5# PROCESS LOAF	1,267,200	$1.3100-1.3740
MOZZARELLA		
LMPS	1,008,000	$1.3750
MOZZARELLA LITE SHREDDED	201,600	$1.5710-1.5890
CHEDDAR		
CHEDDAR CUTS	39,950	$1.5600
SHREDDED	38,400	$1.5000

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 36,578,111

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, $/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34